

NATIONAL RECOVERY ADMINISTRATION

PROPOSED CODE OF FAIR COMPETITION

7 FOR THE

PAPER MANUFACTURING
INDUSTRY

AS SUBMITTED ON JULY 24, 1933



The Code for the Paper Manufacturing Industry
in its present form merely reflects the proposal of the above-mentioned
industry, and *none of the provisions contained therein are*
to be regarded as having received the approval of
the National Recovery Administration
as applying to this industry

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1933

SUBMITTED BY
NATIONAL PAPERBOARD ASSOCIATION

(11)

CODE OF FAIR COMPETITION FOR THE PAPERBOARD PRODUCING INDUSTRY UNDER THE PROVISIONS OF SECTION 3 OF TITLE I OF THE STATUTE ENTITLED "AN ACT TO ENCOURAGE NATIONAL INDUSTRIAL RECOVERY, TO FOSTER FAIR COMPETITION AND TO PROVIDE FOR THE CONSTRUCTION OF CERTAIN USEFUL PUBLIC WORKS AND FOR OTHER PURPOSES"

1. This application is made by the National Paperboard Association, a trade association, the membership of which consists of a substantial majority in numbers and in volume of the producers of paper board.

The Committee presenting this application was duly appointed, and authorized for such purpose, by vote of the industry in open meeting.

It is the desire of the National Paperboard Association and other members of the industry to cooperate with the President of the United States in increasing employment and wages and to take such further steps, subject to the approval of the President, as may be necessary to make possible such increase in employment and wages.

On May 1, 1933, there was delivered to the President a statement offering substantially to reduce hours of labor and to increase employment and wages, and recommending legislation relieving industry from the Anti-Trust laws with respect to codes or agreements approved by the government, the same to be binding upon all members of an industry. Such statement included an outline of an industry plan which, except for detail, is the plan set forth in the Competition Section of the annexed code.

At the time this statement was transmitted to the President, the membership of the National Paperboard Association included over 90 percent of the producers of paper board. About a week prior to the enactment of the National Recovery Act, the following paper board producers, constituting about 14 percent in volume of the industry, resigned from the Association:

Southern Kraft Corp., Panama City, Fla.-Bastrop, La.
Bogalusa Paper Co., Inc., Bogalusa, La.
Albemarle-Chesapeake Co., Inc., West Point, Va.
Longview Fibre Company, Longview, Wash.

The members of the paper board industry as early as January 1933 recognized that great excess capacity and the effort of the individual to operate beyond industry average was resulting in price demoralization and harm to the industry and to the public, and subscribed to the principle that each individual operator should carry its fair share of the industry burden and that the industry burden, being excess capacity, each individual operator should own, or operatively control, excess capacity which was in proportion to the industry excess capacity.

The members of this industry at such time further subscribed to the principle that individual operators who sought to escape their fair share of the depression burden, should not be permitted so to do except on a basis which would not work injury to employees, to capital invested in the industry, and to the public.

In formulating the plan set forth in the Competition Section of the annexed code, the industry has taken into consideration the principle stated and the large cost advantage arising from increased hours of operation.

It is not desired to control price, to restrict or allocate volume.

The purpose of the tax of \$5.00 per ton individual operations in excess of the industry average is to prevent price demoralization. It is true that cost savings due to individual operating periods in excess of industry average may be more than the tax. It is desired to permit progress and volume increase arising from business ability, quality, or other proper means, and it is believed that the annexed code will not operate to preclude such progress by fair means. The tax is intended as a balance against, and a deterrent to, securing increased operation beyond that fairly and competitively possible without resort to unfair, unreasonable, and demoralizing price cutting.

It is requested that the National Paperboard Association be constituted and recognized as the agency, for the purpose of a code covering labor and fair competition for the producers of paper board of all kinds, and that such further action be taken with respect to such code as shall be proper and permitted under the National Industrial Recovery Act, and as shall be approved by the President of the United States.

It is requested that the National Industrial Recovery Administration forthwith approve the labor provisions of the code herewith submitted and that the labor provisions therein set forth shall be applicable to and binding upon all producers of paper board in lieu of the labor provisions set forth in proposed agreements by individual manufacturers with the President, and that the individual producers of paper board shall, upon such approval by the National Industrial Recovery Administration, be exempted from execution of the agreement proposed by the President, and shall be deemed to be members of the National Recovery Administration.

Annexed hereto, and marked Exhibit A, is a list of the members of the National Paperboard Association.

In case this code shall not cover the entire industry and all producers of paperboard, it is respectfully requested that this application for a code may be withdrawn.

Respectfully submitted.

JNO. L. BARCHARD, Hummel & Downing Co.,
Milwaukee, Wis.

D. H. PATTERSON, JR., Fibreboard Products,
Inc., San Francisco, Calif.

WILLIAM P. JEFFERY, *Chairman*, National
Paperboard Association, No. 1 Wall St.,
New York, N.Y.

For the Code Committee of the Paper Board Industry.

Dated JULY 24, 1933.

EXHIBIT A—MEMBERS OF NATIONAL PAPERBOARD ASSOCIATION, JULY 21, 1933

Albia Box & Paper Company, Troy, N.Y.	Hinde & Dauch Paper Co., Sandusky, Ohio.
Alton Box Board & Paper Co., Alton, Ill.	Hummel & Downing Co., Milwaukee, Wis.
American Box Board Co., Grand Rapids, Mich.	Lawless Bros. Paper Mills, East Rochester, N.Y.
American Coating Mills, Elkhart, Ind.	Lawrence Paper Co., Lawrence, Kans.
Auglaize Box Board Co., St. Marys, Ohio.	Liberty Paperboard Co., Inc., Steubenville, Ohio.
Ball Brothers Company, Muncie, Ind.	Lydall & Foulds Paper Co., Manchester, Conn.
Bartgis Brothers Co., Ilchester, Md.	MacAndrews & Forbes Co., New York, N.Y.
Bedford Pulp & Paper Co., Big Island, Va.	Mac Sim Bar Paper Co., Otsego, Mich.
Bicking Paper Mfg. Co., S. Austin, Downingtown, Pa.	McEwan Brothers, Whippany, N.J.
Bird & Son, Inc., East Walpole, Mass.	Mead Paperboard Corp., New York, N.Y.
Bloomer Brothers Co., Newark, N.Y.	Michigan Carton Co., Battle Creek, Mich.
Carolina Fiber Company, Hartsville, S.C.	Mobile Paper Mills, Mobile, Ala.
Central Fibre Products Co., Chicago, Ill.	Morris Paper Mills, Chicago, Ill.
Chemical Paper Mfg. Co., Holyoke, Mass.	Mutual Boxboard Co., Utica, N.Y.
Chesapeake Paper Board Co., Baltimore, Md.	National Folding Box Co., New Haven, Conn.
Clifton Paper Mills, Clifton, N.J.	B. F. Nelson Mfg Co., Minneapolis, Minn.
Columbia Box Board Mills, Chatham, N.Y.	Newark Boxboard Co., Newark, N.J.
Consolidated Paper Co., Monroe, Mich.	New Haven Pulp & Board Co., New Haven, Conn.
Continental Paper Co., Ridgefield Park, N.J.	Ohio Boxboard Co., Rittman, Ohio.
Container Corporation of America, Chicago, Ill.	Owens-Illinois Glass Co., Toledo, Ohio.
Cornell Wood Products Co., Chicago, Ill.	The Pairpoint Corporation, New Bedford, Mass.
Coshocton Straw Paper Co., Coshocton, Ohio.	Prairie State Paper Mills, Joliet, Ill.
Davis Paper Company, West Hopkinton, N.H.	Penn. Fibreboard Corp., New York, N.Y.
Dresden Paper Mills Co., Dresden, Ohio.	Ravenswood Paper Mill Co., Long Island City, N.Y.
Elk Paper Mfg. Co., Childs, Md.	River Raisin Paper Co., Monroe, Mich.
Fairfield Paper Co., Baltimore, Ohio.	Robertson Paper Box Co., Montville, Conn.
Federal Paper Board Co., Bogota, N.J.	Schmidt & Ault Paper Co., York, Pa.
Fibreboard Products, Inc., San Francisco, Cal.	The Shenandoah Boxboard Corp., Winchester, Va.
Fleming & Sons, Inc., Dallas, Texas.	Smeallie & Voorhees, Inc., Amsterdam, N.Y.
Fort Orange Paper Company, Castleton on Hudson, N.Y.	W. W. Snyder Mfg. Co., Cohoes, N.Y.
Franklin Board & Paper Co., Franklin, Ohio.	Sutherland Paper Co., Kalamazoo, Mich.
Frazer Paper Co., Ltd., Madawaska, Me.	Tennessee Paper Mills, Chattanooga, Tenn.
Robert Gair Co., Inc., New York, N.Y.	Terre Haute Paper Co., Terre Haute, Ind.
Gardner-Richardson Co., Middletown, Ohio.	Toronto Paper Mfg. Co., Toronto, Ohio.
Hagar Straw Board & Paper Co., Cedarville, Ohio.	United Paperboard Co., New York, N.Y.
Halltown Paper Board Co., Halltown, W.Va.	Upson Company, Lockport, N.Y.
	Waldorf Paper Products Co., St. Paul, Minn.

SECTION I—LABOR

1. *Collective bargaining.*—In conformity with the provisions of Section 7 (a) of the National Industrial Recovery Act, the attitude of this industry with respect to the labor of employees shall be as follows:

(a) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection;

(b) That no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and

(c) That employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

(d) It is clearly understood that the foregoing does not impair in any particular the constitutional rights of the employee and employer to bargain individually or collectively as may be mutually satisfactory to them; nor does it impair the joint right of employer and employee to operate an open shop.

(e) Nothing in this code is to prevent the selection, retention, and advancement of employees on the basis of their individual merit, without regard to their affiliation or nonaffiliation with any labor organization.

2. *Maximum working hours.*—The maximum number of working hours of all employees engaged in the production of paperboard shall be eight hours a day and forty hours per week. Employees may be employed for such additional hours in any week as shall be necessary for maintenance of equipment, provided such additional hours shall be permissible only with respect to employment on equipment which is not in operation.

Such maximum hours of labor shall not apply in cases of emergency for protection of property.

The provisions of this paragraph shall not apply to persons employed outside of the paperboard producing plant or premises, or to foremen, superintendents, managers, officials, and other employees heretofore compensated on a salary or fixed compensation basis.

3. *Minimum compensation.*—(a) The minimum wage for all employees subject to the provisions of the foregoing paragraph 2 of this code, who are compensated on a time or piecework basis, shall be not less than 40 cents per hour, except in the case of mills located in the South, the minimum shall be 30 cents per hour.

For the purpose of this paragraph, the South is defined as the territory in the United States, south of the States of Virginia and

Kentucky, and east of the Mississippi River, and including the entire State of Louisiana.

(b) The minimum compensation of all other employees of any producer of paperboard in any department or branch of the business shall be:

Not less than \$15.00 per week in any city of over 500,000 population, or in the immediate trade area of such city;

Not less than \$14.50 per week in any city of between 250,000 and 500,000 population, or in the immediate trade area of such city;

Not less than \$14.00 per week in any city of between 2,500 and 250,000 population, or in the immediate trade area of such city;

In towns of less than 2,500 population all wages shall be increased by not less than 20 percent, provided that this shall not require wages in excess of \$12.00 per week.

(Population shall be based on the U.S. Census of 1930.)

(c) No person under 16 years of age shall be employed.

4. The provisions of Paragraphs 2 and 3 of this Code shall be effective 15 days after approval of this Code or 15 days after the labor provisions hereof shall be in force, whichever is the earlier date.

SECTION II—COMPETITION

5. If the percentage of operation of any producer of paperboard during any three months' period, beginning January 1, 1933, while this Code shall be in effect, shall be in excess of the industry percentage of operation during the same period, then the paperboard producer operating in excess of the industry percentage shall be \$5.00 per ton for each ton of paperboard produced as a result of operations in excess of the industry percentage. The three months' period shall include the smaller fraction of a week less than or more than an exact three months, in order to avoid fractions of a week. Any fractions of a week shall be added to or deducted from succeeding periods as necessary to avoid elimination or duplication of time.

6. The percentage of operation and the resulting tons upon which such payment shall be based shall be determined as follows:

(a) The rated inch hours of a paper-board machine shall be the width of the last drier in inches, multiplied for daily rating by 24 and for weekly rating by 144.

(b) The operated inch hours of a paper-board machine shall be the number of hours of operation in any week, commencing Saturday, 7:00 a.m., multiplied by the width of the last drier in inches. A shut-down of less than three hours shall not be deducted from the period of operation.

(c) The percentage of operation for any period shall be the rated weekly inch hours multiplied by the number of weeks of the period for which the computation is made, divided into the total inch hours actually operated during the same period.

(d) The Industry percent of operation shall be the sum of all the rated inch hours divided into the actually operated inch hours of the same machines, for which the audited record of operation is available to the National Paperboard Association.

(e) For the purpose of determining the tons produced as a result of operations in excess of the industry average, the tons produced per

inch hour during the quarterly period for which the computation is made, shall be deemed to be the same for each inch hour operated during the period.

(f) In case any producer of paperboard shall own or control under recognized lease more than one paper-board machine, then the rated inch hours and the inch hours operated of all paper-board machines of such producer shall be combined for the purpose of determining the operated percentage. In the case of a machine having three or less cylinders, other than a machine operated on the production of corrugating materials, which shall not have actually operated at least 25% capacity during any quarterly period, the rated inch hours of such machine shall not be combined with the other inch hours of the owner or lessee thereof, except upon approval of the Board of Appeals referred to in Paragraph 20 hereof, and such Board of Appeals is hereby given the power to allow or refuse the combined rating thereof, or to allow partial rating, or to impose terms and condition for combined rating, all as in the opinion of such Board shall be proper.

7. Notwithstanding the foregoing provisions, any machine which for the period, January 1, 1929, to May 31, 1933, shall have operated in the production of paper board less than 25% of the total full-rated inch-hours for such machine, then the rated inch-hours to be allowed for such machine shall be only fifty percent of the full-rated inch-hours.

8. Notwithstanding the above provisions, no rated inch-hours shall be allowed for any machine which shall not have operated on the production of paper board during the period, January 1, 1929, to May 31, 1933, and all paper-board production from any such machine shall be subject to the tax of \$5.00 per ton.

9. In the case of machines subject to combined rating as provided in subdivision (f) of Paragraph 6 hereof, the combined, and not the individual machine record for the purposes of full, partial, or no inch-hour rating, shall govern.

10. In case a paper-board machine is transferred by sale or recognized lease, such machine shall have the same rated inch-hours in the hands of the new owner or lessee as it had in the hands of the party transferring same, provided that the rated inch-hours of any machine acquired by sale or lease on or after July 15, 1933, shall not be combined with the rated inch-hours of the paper-board producer acquiring same except upon the written approval and consent of the Board of Appeals, and such Board of Appeals is hereby granted the power to exclude from combined rating the rated inch-hours of any such machine so acquired, or to include less than all the inch-hours in combined rating, and to impose such terms and conditions to the granting of combined rating as in the opinion of such Board shall be proper. Such Board in reaching its decision may take into consideration all facts deemed by it to be pertinent, among others the previous operating history of the machine acquired, its productive rate as compared with productive rates of machines with which it is sought to be combined, all as in the opinion of the Board may be necessary to prevent use of rights and privileges granted by subdivision (f) of Paragraph 6 in manner which will, in the opinion of the Board, work hardship on or be unfair to other members of the industry.

11. If a machine be removed from its present location to a new location in the United States, such removal shall not affect the rated inch-hours otherwise applying to such machine.

12. No machine shall be included for inch-hour rating which, in the opinion of the Board of Appeals, shall be deemed not to be in condition for inclusion in good faith as an operative unit.

13. For the purpose of combined rating, a machine once rated shall continue to be rated regardless of condition. The destruction, dismantling, or other cause making a machine unfit for operation while included in the combined rating of the owner thereof (not lessee) shall not operate to reduce the rated inch-hours to which such owner shall otherwise be entitled.

14. No lease made on or after July 15, 1933, will be recognized or change of rated inch-hours made on account thereof unless such lease be for a period of not less than two years, and such lease shall give the lessee the right to operate the paper-board machine and the lessee has, by contract or otherwise, made provision for securing power and other essentials necessary for operation. Leases made prior to July 15, 1933, which shall be for a period of at least six months, shall be recognized and the rated inch-hours of the machines leased shall be transferred to the lessee, but in case any recognized lease made prior to July 15, 1933, shall give the lessee the right to renew, such lease shall not be recognized for the renewal period, unless the lessee shall exercise all available renewal options to the extent that the same shall exist as may be necessary to qualify such lease, the same as though it had been made subsequent to July 15, 1933. In case a lease made subsequent to January 1, 1933, and prior to July 15, 1933, shall be for less than two years, then in case a new lease for the same machine shall be made by the same lessee, commencing on termination of the existing lease, the term of the original lease shall be counted as part of the term of the new lease for the purposes of this paragraph. A provision in a lease granting right to termination on termination of the Industrial Recovery Act or this Code shall not affect the recognition of such lease.

15. No increase in rated inch-hours arising from transfers will be recognized prior to 7:00 a.m. of the Saturday next following submission of duly executed documents of transfer to the Chairman of the National Paperboard Association or such other person or persons at any time hereafter designated by the Executive Committee of the National Paperboard Association.

16. If any producer of paper board in any three months' period, beginning January 1, 1933, to December 31, 1933, or in any three months' period of any calendar year thereafter, during which this Code shall be in force, shall operate less than the industry average, such producer shall be entitled to credit for the deficiency with respect to operations in future quarters of the same year.

17. If a producer of paper board in any quarter of a calendar year, beginning January 1, 1933, operates in excess of the industry average, so that a tax shall be due and payable hereunder, then such tax shall be refunded to the extent that future operations in such calendar year shall be less than the industry average, so that the tax as finally assessed shall be based upon the operations of a complete calendar year.

18. In case any producer of paper board shall fail to comply with the provisions of this Code with respect to the hours of labor and wages, then such member shall pay a sum equivalent to the saving of such member arising from noncompliance, plus fifty percent thereof, provided that nothing herein contained is intended to preclude further action by the industry to require compliance with the labor provisions of this Code by application to the President.

19. Any payments due under Paragraphs 5 and 18 shall be made thirty days following the expiration of each quarter. The first payment due hereunder shall be November 1, 1933, or thirty days from the date this Code is approved by the President, whichever shall be later, based upon operations from April 1 to September 30, 1933. The payment of any balance thereof due on account of operations from January 1, 1933, to March 31, 1933, shall be postponed until January 31, 1934, at which time final settlement shall be made according to the amount due, based upon operations for the entire calendar year 1933. The tax and payments provided to be paid under Paragraphs 5 and 18 hereof shall be paid to the Trustees referred to in Paragraph 21 hereof.

20. A Board to be known as Board of Appeals is hereby created. Such Board shall consist of three persons. One member of such Board shall be selected by the Administrator appointed by the President under the National Recovery Act; one member shall be selected by the Executive Committee of the National Paperboard Association. The third member, who shall act as Chairman of such Board, shall be selected by the two Board members first appointed.

Such Board shall act as a board in all matters hereunder, including action as Trustees, and the decision of the majority shall be the decision of the Board.

In case a member of the Board shall resign or die, his successor shall be appointed in the same manner as herein provided for the original appointment.

Any member of the Board may be removed without cause by the person or persons who appointed such member.

The members of the Board as members thereof, and as Trustees, may be paid a compensation, and such compensation shall be in such amount as may be determined by the Executive Committee of the National Paperboard Association.

The compensation and all expenses of the Board as a Board and as Trustees shall be a charge upon and paid from any tax monies collected hereunder, but in case tax funds shall be insufficient for the purpose, such compensation and expenses shall be paid by the National Paperboard Association.

21. In case any member of the industry shall feel that the provisions of this Code will work hardship owing to peculiar conditions affecting such member, or by reason of the development of unforeseen conditions, such member may make application in writing to the Board of Appeals and the Chairman of the National Paperboard Association, setting forth the grounds of the complaint and the relief requested.

The Board of Appeals shall thereupon appoint a time and place to hear such application.

The Board of Appeals shall be empowered to hear such application and, after hearing, to grant such relief to the applicant as, in

the opinion of the Board, may be just and fair; provided that the action of the Board of Appeals in connection with labor provisions of this Code shall be deemed recommendations only, and such recommendations shall not relieve any member from the labor provisions of this code, except upon the approval of the President.

Notice of such hearings shall be given by the Board to the applicant and all members of the industry.

The applicant may present such evidence and facts as to it shall seem appropriate, all as in the judgment of the Board of Appeals are material and relevant.

The Board of Appeals shall determine its own procedure and shall render its decision in writing, setting forth the facts as found, together with its conclusions.

The Chairman of the National Paperboard Association shall assist the Board of Appeals in the conduct of the hearings and shall present further facts on behalf of the applicant and/or the industry and/or any member thereof, as to the Chairman of the Association seems appropriate, provided the same shall, in the opinion of the Board be material and proper.

The Chairman of the National Paperboard Association may, and upon instructions from the Board of Appeals shall, appoint one or more members of the National Paperboard Association to represent the industry in hearings before the Board of Appeals.

The Board shall forward to all members of the industry a summary of its decision and a copy of the findings. The complete findings and decision of the Board shall be furnished to any member upon request.

The decision of the Board of Appeals shall be binding upon the applicant and the industry, provided that nothing herein contained shall preclude an applicant from thereafter making application or such representation to the President as in the opinion of the applicant is proper.

No application shall be made by any member to the President for relief from the terms of this Code until the proceedings set forth in this paragraph shall have been taken and complied with.

22. In case any member or members shall believe that any other member is carrying on business unfairly, improperly, or in a manner prejudicial to the interest of the industry, or in violation of the terms and conditions of this Code, such member may file a complaint with the Board of Appeals. Such complaint shall set forth the action complained of. The Board of Appeals shall thereupon make such investigation as in its opinion is proper, granting to the member complained against full opportunity to submit facts and evidence in its behalf.

If, in the opinion of such Board, the member complained of is conducting business unfairly, improperly, or in violation of the terms of this Code, then such Board is hereby authorized to, and shall, make such representation to the President and request such relief as, in the opinion of the Board, is proper in the premises.

No member of the industry shall file a complaint or request action by the President against any other member until the proceedings in this paragraph set forth shall have been taken.

23. The tax and all payments provided herein to be paid (except dues to the National Paperboard Association) shall be paid to the

persons who shall be the Board of Appeals, as Trustees, and the members of such Board as Trustees are hereby granted power to collect the tax and other payments provided to be paid under Sections 5 and 18 hereof, and to hold, invest, and pay the proceeds thereof as herein provided.

Any funds coming into the hands of the Board of Appeals as Trustees shall be invested by the Trustees in securities of the Government of the United States and not otherwise.

The Trustees are hereby authorized to collect the income from such funds and to expend the principal and income of such funds for:

(A) The payment of compensation of the Board of Appeals and expenses of such Board, as a Board and as Trustees, and

(B) The purchase of paperboard producing plants and machines, paying therefor such amount as in the opinion of the Trustees is proper.

The said Trustees may dismantle or scrap any paperboard machines so acquired by them, and may sell and dispose of the other parts of any such property so acquired at such price and upon such terms and credit as in the discretion and judgment of the Trustees shall be proper.

The Trustees are authorized to lease paperboard-producing properties, and to pay such rental or consideration therefor as, in the opinion of the Trustees, shall be proper, provided that no lease shall be made which shall extend beyond the period that this Code shall remain in force.

The purpose in granting such power to lease is to relieve the industry of excess capacity without permanently withdrawing same from the industry.

It is the further purpose hereof to grant to the Trustees power to assist owners of properties through the period of the depression.

The Board, in exercising the powers herein granted to purchase and lease, shall give recognition to geographical locations and competitive conditions, and shall proceed in a manner as shall, in its opinion, be fair, just, and equitable and to the best interest of the industry as a whole, and in a manner which will avoid special benefit or advantage to any member, group, or subdivision of the industry, without regard to the source of the tax funds.

The Executive Committee of the National Paperboard Association may appoint an Advisory Committee to cooperate with the Trustees in the selection of properties for purchase and lease and the Board of Appeals shall not take action until it shall have afforded full opportunity to the Advisory Committee to submit its recommendations.

The Trustees in the expenditure of said fund shall advise with the agents of the President authorized to administer the National Industrial Recovery Act, and shall not exercise any powers herein granted in a manner which shall be contrary to any orders, regulations, or directions of the President.

If, upon the termination of this Code, any paperboard-producing plants are held by such trustees, such plants shall be disposed of by the Trustees at such prices and upon such terms, at either public or private sale, as in the discretion of the Trustees shall seem proper.

The proceeds of such sale, together with any other funds or property, which shall be or shall come into the hands of the Trustees

hereunder, shall be paid to the National Paperboard Association and become a part of the general funds of such Association.

24. No member of this industry shall sell its product for more than a fair and reasonable price.

Each member will, upon request of the Board of Appeals, submit facts as to selling prices, together with costs and all pertinent facts as may be necessary to permit opinion on the part of the Board of Appeals as to the fairness and reasonableness of the prices being charged.

Whenever, in the opinion of the Board of Appeals, any member is charging prices which are unfair and unreasonable, the Board of Appeals shall report all the facts and circumstances to the President.

The Board of Appeals shall file such reports and furnish such data to the President as shall be requested by the President.

Each member shall submit to such rules and regulations in the premises as may be issued by the President.

25. If the tax of \$5.00 per ton referred to in Paragraph 5 hereof is found to be insufficient as a deterrent to unsound merchandising and harmful price demoralization, or if such tax is found to be so large as to constitute a prohibition against operations in excess of industry average, then the amount of the tax may be increased or decreased as may be necessary to make effective the purposes hereof.

Increase in tax shall be by vote of the producers of paper board subject to this code, who shall be a majority in numbers and volume, but no such increase shall be effective unless the same shall be approved by the Board of Appeals.

Decrease may be effected by either the Board of Appeals or by vote of the producers of paper board subject to this code, who shall be a majority in numbers and volume.

"Volume", for the purposes of this paragraph, shall be the total tons produced by the paper-board producers subject to this code during the preceding calendar year. An increase in the tax shall not be made retroactive, but a decrease therein may be made retroactive.

26. Every producer of paper board shall promptly and correctly furnish each week to the National Paperboard Association, data and information as to its operations, together with all facts as may be necessary hereunder. Full reports as to rated inch hours, and operated inch hours of individual paper-board producers, together with the industry average based upon the data so furnished, shall be distributed weekly by the National Paperboard Association to all producers of paper board. All measurements and operating time and records shall be subject to audit by the National Paperboard Association through auditors selected by the Executive Committee of such Association.

27. Every producer of paper board, so long as this code remains in force, shall pay as dues to the National Paperboard Association on account of the expenses of such Association, its pro-rata share thereof, computed on a tonnage basis.

28. Paper board, for the purposes of this code, shall be all paper having a thickness of 12/1000 or more of an inch, and also paper of a lesser thickness known as "lightweight chip", and also paper of a lesser thickness manufactured for use as corrugating material

and/or container board, and also specialties not classified as paper according to trade custom.

29. This code shall include the producers of paper board, which consume the board produced, either as fabricators or otherwise, and is not limited to the producers of paper board produced to be sold as such.

30. This code shall not apply to the employees or operations in the fabricating of paper board, and fabricating is specifically exempted herefrom, notwithstanding that a producer of paper board may also be a fabricator thereof.

31. In the case of any machine, the rated inch hours of which shall be recognized and included as a paper-board producing unit hereunder, all of the operating time of such machine shall be included for the purpose of determining the percentage of operations under this code, irrespective of the product produced, provided such adjustments, rules, or regulations may be made in connection therewith by the Board of Appeals as shall be equitable and proper in the premises.

32. This code shall inure to the benefit of and be binding upon all producers of paper board.

33. This code shall be construed according to its intent in order that the purposes hereof may be effective and unfairness and injustice avoided.

34. Modifications of this code may be submitted to the President at any time, and from time to time, upon vote of the paper-board producers who shall be a majority in numbers and volume subject hereto, and such modifications, when approved by the President, shall thereupon become a part of this code.

35. This code may be canceled and terminated at any time, after four months from the date of the approval hereof, upon vote of a majority in numbers and volume of the producers of paper board subject hereto, provided no such cancellation shall be effective until notice of cancellation in writing is filed with the National Recovery Administration, signed by duly authorized representatives of the National Paperboard Association, together with written statement by such representatives that the persons voting for such cancellation represent a majority in numbers and volume of paper-board producers subject hereto, according to knowledge and information of such representatives of the National Paperboard Association, based upon examination of the records and data of the National Paperboard Association.

36. The President may from time to time cancel or modify this code pursuant to the provisions of subdivision (b) of Section 10 of the National Industrial Recovery Act.

Dated July 24, 1933.

UNIVERSITY OF FLORIDA



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